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Quickflix to go digital

Natalie Apostolou

ONLINE DVD rental distributor Quickflix will be launching a digital download service in the next 12 months as it moves to aggressively grow the Quickflix customer base from 25,000 paying subscribers to 50,000.

Quickflix founder and executive director Stephen Langsford confirmed that the company's long anticipated plans to move their physical DVD distribution to an IPTV-style download model was still at the forefront of their growth strategy pending the resolution of the current market barriers he describes as the three c's- connectivity, content and consumers.

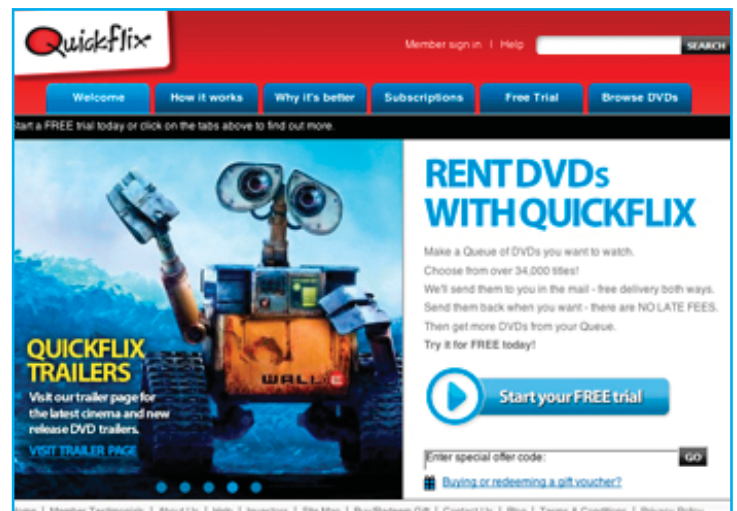
At the Quickflix AGM last week, the company weighed in on the current legal stoush between the film industry and ISP iiNet over illegal downloads.

"We think most online consumers see download piracy as not worth the risk or the hassle. Consumers want a hassle free and quality viewing experience on their flatscreen TV in their lounge room," said MD Simon Hodge.

He added that the Quickflix service was the legitimate legal alternative to download piracy which will become increasingly appealing for mainstream consumers seeking better choice and convenience than the traditional video store.

Quickflix believe that while the market waits for a robust communications infrastructure to be deployed consumers appetite for a legal, high quality digital movie distribution service akin to an iTunes will escalate.

Langsford said that Quickflix was ideally positioned for the transition to digital download services, yet a number of factors need to align "before digital download becomes an attractive



and economically viable service for mainstream Australian consumers."

These include the widespread access to high speed broadband at reduced cost and uncapped connection of the internet to the lounge room through accessible devices; increased range of content from studios for the download release window and the recruitment of a significant entertainment buying online customer base.

"We expect the transition to download will be gradual and supplement existing consumption as the three C factors are progressed and consumers accept the new delivery format," he told *Digital Media*.

Leveraging from its online DVD rental model, Quickflix is building a membership base of Australian households who are actively buying entertainment online ahead of offering download services. It currently has 200,000 consumers in its online network community. The company will be bolstering its services to it online

community in the year ahead including working with Slice Wireless to deploy a mobile film ordering and distribution platform.

It is also developing a strong partnership network to accelerate growth with mainstream brands such as BigW/Woolworths, NAB, iiNet and niche industry partners such as Moonlight Cinema.

While the company's share price continues to take a pummeling on the ASX and the 19.9% stake formerly owned by Destra is now in the hands of receivers, Langsford believes that macro-economic factors favour counter cyclical growth in online DVD rental. "Online services have significant growth potential and we are still early in the migration of consumers online. While access to faster broadband promotes increased online ecommerce, stay-at-home services should prosper in an economic downturn as consumers spend more time at home to save money."

An advertisement for Prime Digital Media. It features three digital screens displaying the letters 'PDM'. A man and a woman are looking at the screens. A pink banner at the top reads 'Australia's leading provider of Out-of-Home Digital media'. To the right, it says 'target the 'new consumer'' and includes the website 'www.primedigitalmedia.com'. A small '1' is in the bottom right corner.

Branding boom online

Natalie Apostolou

THE validity of online advertising as a tool for brand effectiveness has been bolstered by research from Nielsen Online and IAB Australia. The research which involved an extensive study of the online medium's brand building potential, was conducted by Nielsen Online and centered around Kellogg's brand Sultana Bran, media agency Mindshare, ad serving from Microsoft Advertising in addition to five online publishers; Fairfax Digital, News Digital Media, ninemsn, MediaSmart and Yahoo!7.

The research, which tapped into grocery buyers and children, revealed that the intention to purchase Sultana Bran increased by 37% across the whole sample and brand consideration increased 17.13% when consumers were exposed to the online ads versus a control group that was not exposed to any of the Sultana Bran creative online.

IAB Australia CEO Paul Fisher, said the

results provide long awaited quantitative data for marketers to justify increases in their online advertising for brand building.

"Across the three key brand metrics – intention to purchase, brand awareness and recall – online advertising clearly demonstrated it has significant positive impacts for FMCG brands. Not only is this a significant result for online advertising, Kelloggs and all involved, it proves beyond any doubt that consumers are strongly influenced by online advertising in their brand purchase decisions," he said.

Across the target audience intention to purchase increased 18.9%, favourable sentiment increased 11.7%, prompted brand awareness increased 6.2% and there was a 9.5% increase in respondents intending to recommend the cereal to children their household. Kerry Field, National Director at Mindshare said that the simple message is that online really does work

for branding. "We have seen similar studies from IAB in US but having concrete evidence with proof points at a local level is far more powerful."

The study also found that even when the ad was not recalled, consumers still demonstrated a strong increase in intention to purchase.

"The online medium has long been lauded as purely a direct response medium. This study clearly demonstrate the impact online advertising has on brand as well as direct response. Online can now be considered a complete solution for marketer's needs, delivering a compelling reason to increase the use of online advertising in marketing plans and budgets," Fisher added.

While the research was isolated to an FMCG brand, Nielson Online associate research director Tony Marlow said that the results were consistent with previous proprietary research conducted into the brand

impact of online display advertising across automotive, finance and retail categories.

"The findings should be an eye opener for many key players within the advertising and media space who will discover for the first time just how impactful the online medium can be for a brand," Marlow said.

Fairfax Digital, News Digital Media, ninemsn, MediaSmart and Yahoo!7 each provided equal online inventory for this study to a value that would be considered average for an online brand building campaign. Ads were booked with a mix of contextual placement and general ROS and inventory, in standard IAB ad formats including leader board, streaming video both as pre-roll ads to online video content and streaming video from medium rectangle ad placements, skyscrapers and half page formats.

View the full report here: www.iabaustralia.com.au

Search beats downturn Monster returns to Australia

AUSTRALIAN advertisers have ramped up the amount of money being allocated to search at the expense of other media budgets, with the trend set to continue over the next 24 months, according to the latest report from Frost & Sullivan.

Australian search advertising reached a total value of AU\$869.7 million during the 2008 calendar year making it the fastest growing segment in the local digital media advertising industry. The Australia Search Advertising Market 2008-2012 report found that keyword sponsorships continue to lead demand with 51% or \$442.6 million of the total revenue. Online directories follows, valued at \$263.9 million and contextual searches at \$163.2 million.

Frost & Sullivan claim that 75% of advertisers are now spending more than 10% of their total media budget on search related activities. Twelve months ago only 65% of advertisers were investing the same amount.

Frost & Sullivan ICT director, Andrew Milroy forecast that the increasing appetite for measurability will have a direct impact on traditional media spend over the next one or two years.

He added that the reallocation of budgets towards search is likely to be exacerbated by the current financial turmoil.

"With marketing activity as a whole predicted to slow, we believe that advertisers will turn to search advertising because of its greater cost-effectiveness," he said.

Competition for search advertising budgets also decreased significantly during 2008 due to market consolidation in both the search engine and directories markets. Although further consolidation is expected in 2009 the study concludes that it is not yet clear what effect this will have on advertiser activity, if any.

The study does caution that some industries are clearly experiencing weaker levels of success with search advertising and there are signs that return on investment levels are beginning to decrease. The report found that 59% of brands that used search advertising said it resulted in increased leads, however this was down from 66% of brands last year, while 44% said it increased conversions/leads compared to 49% last year. Only 25% of the advertisers

GLOBAL online recruitment site Monster Worldwide is re-entering the Australian market taking a 50% stake in News Ltd's CareerOne, for an undisclosed sum.

Monster announced their intention to get back into the Australian market 5 months ago after failing to get significant market share in the late 1990's.

Under the joint venture agreement, Monster will own a 50% stake in CareerOne with the JV initially carrying the CareerOne and Monster brands. The new group will continue to operate from its existing headquarters in Sydney. "This deal cements CareerOne's position as Australia's second largest digital employment brand and is great news for the Australian employment sector – it increases our competitive position and will bring a world class product into the local market, offering employers and advertisers the best possible platform to reach millions of potential job hunters," said John Hartigan, chairman and chief executive of News Limited.

The deal will also allow CareerOne to employ Monsters search engine for more thorough search results.

The union is a direct attack on cracking the dominance of Seek in the local market.

Seek, which is 26.7% owned by Packer's Consolidated Media Holdings, retains the lions share of the online employment market at 60%.

Meanwhile, Andrew McKelvey, the billionaire founder and former CEO Monster Worldwide Inc., died last week after a long battle with cancer. McKelvey founded a yellow-pages advertising business in 1967 called Telephone Marketing Program or TMP which acquired The Monster Board and Online Career Center in 1995. Four years later the job-recruitment web site Monster.com was launched.

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GPY&R take on gamer geeks

Natalie Apostolou

NEWS Interactive Media's gaming site IGN.com has selected George Patterson Y&R to create and execute its first Australian IGN.com creative campaign. Launched in late November, the initial online campaign will be progressively rolled out nationally in a series of print executions before a roll-out of print executions nationally. Developed by gamers within George Patterson Y&R the campaign is based around the premise of IGN's expertise in critiquing and reviewing new games. "The great thing about the game reviews and previews on IGN.com is that they stop you shelling out \$100 on a game and then realising that it's not what you really wanted. We decided to communicate this in a way gamers will understand – showing characters from the main gaming genres of RPG, Shooter and Sport, wishing they were somewhere else," a spokesperson



from George Patterson Y&R said IGN boasts over 34.6 million users worldwide, with around 508,000 Australians visiting IGN.com every month. According to the latest Roy

Morgan Research from June 2008, the typical Australian IGN demographic is a younger males under 35, working in professional/manager roles and more actively social with friends.

PeopleBrowsr to launch on Dec2

PEOPLEBROWSR, the Web 3.0 social networking aggregator devised by former One.Tel founder Jodee Rich will be unveiled tomorrow. The project which has been in development for over 18 months and described as a "deep visual dashboard" allows multiple online identities and aggregates information from sources such as Twitter, Facebook, You Tube and Flickr.

The platform's beta pre-launch has already attracted strong international attention with invited beta users describing it as "a game changer for online interaction. this will cannibalize tweet deck et al,;" "allows you to create groups and tweet only to certain people. this is going to rock and maybe replace email"; "picking my jaw up off the floor: PeopleBrowsr is going to revolutionize the social media space! I want it now!"

Rich privately funded his social networking endeavour with the assistance of family, close friends and some former One.Tel business associates. The venture is being heavily pitched to the US market with Rich flitting between San Francisco and Sydney and employing a team of developers globally.



Devising PeopleBrowsr in October 2006 Rich based the concept as a Twitter based social media information aggregation tool allowing users to create their own walled garden that displays content from user's friends, their postings, status updates and blog posts while also allowing interaction outside of the users garden that includes streaming RSS feeds, widgets and feeds from random users.

"We want it to become a window on the passing parade of everything happening on the Internet, public YouTube videos, Tumblr posts, Flickr photos and so on. It will be as if the user was sitting in a café and watching the world pass by," Rich writes on the PeopleBrowsr blog.

PBL Media sheds PR

PBL Media continues to slash its high profile headcount with the sudden departure last week of Hannah Devereux, ACP Magazine's last standing in-house public relations executive. Devereux served at ACP for three years.

Staff were informed last Friday that all PR on corporate matters relating to PBL Media and ACP Magazines would be handled directly by PBL Media CEO Ian Law. While any media enquiries for magazines would be handled by the relevant Editor or Publisher.

All queries relating to the Nine Network are to be directed to its CEO David Gyngell.

Devereux's departure follows the slashing last month of the ACP PR and events department from ten to two.

PBL Media's digital division also suffered a major loss last month with the sudden departure of senior executive Guy Gadney, General Manager Digital Services. His role will not be replaced following a management review to "streamline operations."

Rebecca Haagmsa who has been Acting Digital Director since May and Gadney's direct report is now confirmed as Digital Director, and will now report directly to Matthew Stanton.

Spiral takes on digital youth

A new digital agency specializing in marketing to Gen Y has been launched as an offshoot to established mobile marketing company mobux. The new agency, Spiral, founded by Scott Wenkart, is comprised of three divisions including Spiral Media, Spiral Digital and Spiral Lab.

"Spiral started as an idea in a pub in 2005 and simply evolved to a 'mesh up' of cutting edge digital media and digital innovations. We are able to deliver totally accountable marketing initiatives at the same time as creating a unique and compelling way for brands to connect with our Gen Y audience. Our relationships with the major social networking sites and applications along with our relevant and cool rewards programs have given us a great edge in the market which our clients truly appreciate," said Wenkart.

Spiral Media offers digital media campaigns with a focus on social networking sites, social apps and mobile marketing. Spiral Media already manages media sales for social networking site smsfun.com.au and mobile rewards site mobux.com.au. They also own the exclusive Australian & New Zealand licence with US applications company, Rock You! providing reach into the social networking audiences of Facebook, Myspace and bebo.

Spiral Digital is the digital business arm which covers digital acquisition and retention programs through to basic, tactical promotional micro-sites. Mobile marketing campaign clients include Fanta, V, Pepsi, and Girlfriend. While Spiral Lab is the R&D arm which houses all Spiral IP and includes Spiral's own consumer brand for mobile recharge and mobile rewards program, mobux.com.au.

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LOCAL

>**Free-to-air digital television platform Freeview and its \$50 million marketing campaign was officially launched last week.** Freeview, which has named its first CEO Robin Parkes, will consist of 15 channels, five high-definition and 10 standard definition channels. A suite of Freeview products will roll out in 2009 including Freeview-branded digital set-top-boxes, plasma and LCD digital televisions, digital video recorders and an electronic program guide. Kim Dalton, chairman of Freeview and ABC director of Television, said the new platform will change the face of television. "Freeview will offer Australians more channels and more choice, better pictures and sound, an electronic program guide and all the other benefits that digital technology provides. The free-to-air broadcasters have pioneered digital television, investing millions in infrastructure and concerting equipment and studios."

>**Q Group subsidiary, 3Dimension Interactive has been appointed by Optus as its exclusive agency representative for interactive advertising sales across the Optus Zoo web content portals.** The business was secured after a competitive tender. The appointment follows the announcement by Optus that they are in the process of re-launching the Optus MyZoo portal for online and mobile customers. The re-vamped portals will offer Optus customers an enhanced level of personalisation, allowing for shared content preferences across both PC and mobile screens.

>**AD2ONE, has boosted its Sydney sales team with the appointment of**

Kim Hollis to the Business Development team. Hollis joins AD2ONE after two years as sales producer with News Digital Media. In her new role she will be responsible for new site acquisitions and account management of a portfolio of brands across various verticals including travel, entertainment, automotive, women, finance, business and sport. Digital Network Sales, has added independent travel website totaltravel.com to its client list. The win follows the recent win of the MP3.com business. For totaltravel.com DNS will act as new media sales representative, responsible for the sale of advertising on the website, email and newsletter. The group has bolstered its head count to handle growing demand including Dario Rizio joining the Melbourne office as Head of Sales for Southern states; Sydney based account manager Gemma Hagen and two new account manager's Anthony Kearney and Sheldon Coutinho.

SOCIAL

>**MySpace has finally appointed an exec to lead its MySpace Music arm, former executive vice president of Digital Music for the MTV Networks, Courtney Holt.** "Courtney understands how to successfully blend technology with music and the resulting new business opportunities born from such a combination," said MySpace CEO Chris DeWolfe. Holt, will take the reins on Jan. 5 and will be responsible for overseeing the growth and development of the MySpace Music brand. His hire ends a long search to fill the top spot for the service, which features MP3 downloads and ad-supported music streaming. In his most recent role, Holt oversaw digital initiatives across the group's brands - MTV, VH1 and CMT - working to expand their reach through

content syndication. He worked closely with the marketing and ad teams to drive new advertising models. Previously, he was senior VP of new media, creative and strategic marketing at Interscope Geffen A&M

>**Twitter has pulled its SMS offering to Canadians users, following an abrupt end to out-bound SMS in August for the UK and Australia.**

Twitter founder Biz Stone blamed "out-of-control Canadian SMS costs". "Please understand that we did not mean to pull the rug out from under you. We would have preferred to take more time communicating this change but we had to act quickly and responsibly. It's clear we have work to do on our SMS offerings," Stone said. He added that Twitter's long term goal is to create robust SMS interaction with Twitter around the world. "Similar to our other reliability efforts, we can achieve this with the right focus but it's not a quick fix."

>**Price comparison travel search engine Wego.com has launched a new affiliates programme that will bring its network of over 100 travel commerce sites to the pages of thousands of websites around the world.** Wego's Affiliates Programme will allow webmasters and bloggers to earn extra revenue by placing Wego banners, search boxes and similar tools on their websites. Wego's Affiliates Programme is open to any credible web publisher or blogger.

>**IPTV technology and marketing solutions provider KIT digital, has entered the Australian market under a distribution agreement with WebAlive, a social networking platform for businesses.** WebAlive's WebCommunity site has deployed KIT's integrated

software platform which allows one customer to deploy thousands of KIT video players within "community" areas of individual websites. "The partnership with KIT digital is very exciting. It allows us to extend our distribution reach globally, while providing WebCommunity clients with world-class video content via KIT digital's VX platform," said Dominique Fisher, managing director, WebAlive. KIT digital also provides WebAlive with online and mobile monetization strategies. KIT digital has already rolled out the integrated WebCommunity product to certain clients, and will continue to do so for existing and new customers.

GLOBAL

>**The Warner Music Group's Atlantic Records' revealed that over half of its music sales came from digital in Q3, making it the first label to see MP3s outstrip CD sales.** Overall Warner Music Group's income rose to US\$6 million from US\$5 million, but revenues declined by 1% to US\$854 million, of which digital revenues were up 28% from the year-ago quarter, to \$167 million. Digital now accounts for 20% of their revenues, and is the highest figure among the four major labels.

>**In the US TiVO announced that within a few weeks mobile consumers with an Internet-capable phone, will be able to access program listings and set their DVRs remotely at no additional costs.** The service will be available across all carriers, previously this service was a paid service only available to Verizon customers and/or available to Slingbox owners as well.

Bono launches subscription music site

RED, the Bono-led organization that raises awareness and money to help eliminate AIDS in Africa, will launch a weekly subscription music service this week. The Launch of Red Wire at MSN.com, is being held on World AIDS Day, and will include world premiere songs and videos from Coldplay, the Killers with Elton John, the Police with Elvis Costello, U2 and others. A portion of the proceeds from memberships will be donated to the Global Fund

to help buy medicine for those living with HIV/AIDS in Africa. Beyond the charitable aspect, the service is being pitched as a source for new music discovery and, like most other digital delivery services, will lean heavily on exclusive offerings to attract subscribers.

Don MacKinnon, founder of Hear Music and president of Red Content, emphasized that Red is a business model.

"It's not just a T-shirt. And it's not just giving proceeds (to charity). Artists are taking far reduced rates, but we're paying artists and publishers and have created a model to make this sustainable. It becomes a great avenue for exposure. It's hard to (digest) a 30-song sampler. The idea is a bite-sized (collection) that arrives automatically in your iTunes."

Every week Red Wire will deliver four items: an exclusive song from a

major artist; a less-well-known song from an artist Red wants to showcase; a fun or inspiring nonmusic piece; and a video on the impact of Red dollars at work in Africa. Artists are free to use their music after it is released via Red Wire. Red was organized by U2's Bono and has involved a number of corporate partners, among them Apple, Converse, the Gap, Emporio Armani and Dell.

DIGITAL AUDIENCE MEASUREMENT – THE FUTURE

Paul Fisher
IAB Australia CEO



IT'S thirteen years since the arrival of the internet and online advertising here in Australia, yet we collectively have more questions than answers about online advertising thanks to stakeholders each taking their own direction. As a result we still wonder what a unique browser is and why there are unique browsers, as well as visitors, users, viewers and audience. We also ponder about the difference between a page impression and a page view, and even worse, we still hear 'hits' used as a metric, which makes me cringe.

Marketers and media agencies need and want a simplified and standard set of metrics that will allow them to compare online audience measurement with other media metrics; and enable them to know if and how their advertising is or isn't achieving their advertising objectives. They also want to understand what unique measurement and targeting opportunities are available to them with the advent of constantly changing digital media technologies.

None of these are unreasonable requests yet they have evaded us online. That's all set to change and 2009 will be year that online audience measurement will address all of these things; and more.

Internationally, in a bold initiative, the Interactive Advertising Bureau (IAB) Europe in conjunction with the European Interactive Advertising Association is launching the Measurement of Interactive Audience Project (MIA Project) with the objectives of analysing audience measurement methodologies and studying the potential for industry-agreed guidelines and standards that can be applied to the planning phase of international advertising campaigns

This project will provide the largest global response to the current and future needs of online audience measurement, as it will cover industry associations, marketers and media agencies in the Americas, Asia, and Australasia.

In Australia, IAB Australia's Measurement Council is making good ground and by the end of July 2009,

through Nielsen Online, Australia will be the first country in the world to offer a hybrid online measurement system. This will involve merging people-centric panel data with site-centric server data to provide the most accurate measurement of online audiences at home, at work and "combo-modelling", those who access the internet both at home and at work. In other words, we'll have a more robust and representative online audience figure that reflects people, not software.

“As demand for online continues, the potential for more targeted and measurable digital media advertising will continue.”

When that's in place - what's next? How about a time and place where marketers and media agencies will be able to access audience data from all media; comparing and measuring the effects of placing their advertising across multiple platforms?

Brands and agencies are already embracing cross-platform advertising and this will continue to gain importance as consumers shift their media consumption; and as cross media ownership by the country's largest media barons and companies continues. The ability to reach, and then measure, audiences across multiple platforms including newspapers, magazines, FTA TV and subscription TV will become more attractive to marketers and agencies as it becomes easier to understand; and the trigger point will be when research allows them to understand where their audiences are, how their audience engages with each medium, brand and content; and ultimately when the audiences can be segmented and

targeted.

At this year's MIXX 2.8 conference in New York, Young-Bean Song of Microsoft Advertising presented a model of "engagement mapping – beyond the last click" which could go some way to addressing this issue. Microsoft is working on measuring the consumer engagement with specific digital advertisements to enable marketers, agencies and publishers to "realign the credit for consumer engagement" – that is to accurately account for which medium actually caused the consumer to respond. Models already being tested using Microsoft's recently acquired Atlas technology platform measure the frequency, recency, the size of an advertisement, the placement and also the engagement with rich media and other specific formats.

As this technology becomes

more advanced, we will likely see the application extend across multiple platforms so that we will be able to measure the reach, frequency and other metrics of electronic advertisements across broadcast platforms, online platforms, and mobile platforms.

As demand for online continues, the potential for more targeted and measurable digital media advertising will continue and so too will the ways in which we measure and research the impact of marketing activity.

But let's not lose sight of the end game. We need to move the conversation from "how many people will I reach?" to "did my advertising work?"

It leaves you wondering, with great interest and even excitement, what is still to come!

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